Labour Market Bulletin

Alberta

May 2018

This Labour Market Bulletin provides an analysis of Labour Force Survey results for the province of Alberta, including the regions of Calgary, Edmonton, Central Alberta and Mountain Parks, Southern Alberta, and Northern Alberta.

OVERVIEW

At 2.33 million, employment in Alberta was little changed in May, a continuation of the subdued job growth seen so far this year. In May, what gains there were, were in full-time jobs. Compared to May 2017, employment increased by 1.6%, slightly ahead of the corresponding figure Canada-wide (+1.3%). Of note, Alberta's labour force contracted on a year over year basis in May. This doesn't happen very often – only seven times since January 2011 – including twice so far in 2018.

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	May 2018	April 2018	May 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,463.4	3,459.1	3,425.5	4.3	0.1	37.9	1.1
Labour Force ('000)	2,481.1	2,489.2	2,482.5	-8.1	-0.3	-1.4	-0.1
Employment ('000)	2,326.2	2,323.3	2,288.9	2.9	0.1	37.3	1.6
Full-Time ('000)	1,918.9	1,915.7	1,880.9	3.2	0.2	38.0	2.0
Part-Time ('000)	407.4	407.6	408.1	-0.2	0.0	-0.7	-0.2
Unemployment ('000)	154.9	165.9	193.5	-11.0	-6.6	-38.6	-19.9
Unemployment Rate (%)	6.2	6.7	7.8	-0.5	-	-1.6	-
Participation Rate (%)	71.6	72.0	72.5	-0.4	-	-0.9	-
Employment Rate (%)	67.2	67.2	66.8	0.0	-	0.4	-

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

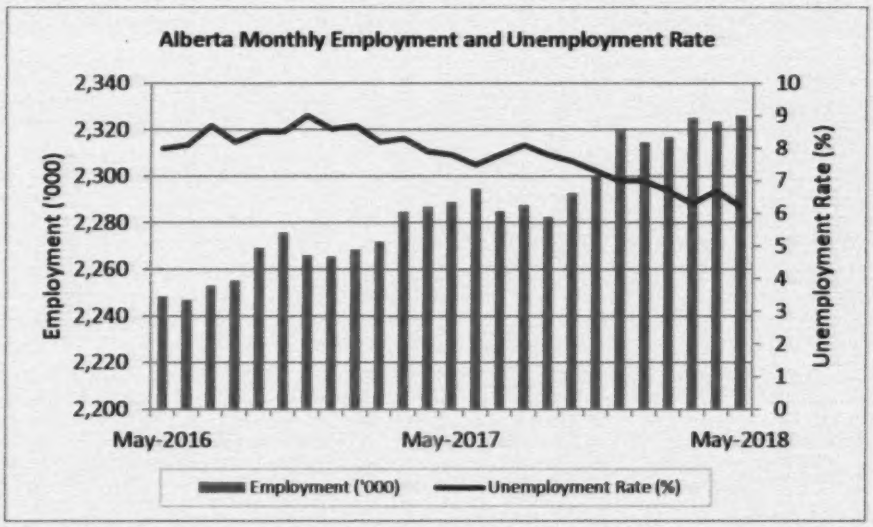
On a month over month basis, Alberta's unemployment rate declined by 0.5 percentage points in May. At 6.2%, it remains the highest among western provinces, 0.4 percentage points above the national average (5.8%). While the declining unemployment rate is a good thing, less encouraging is the length of time that the

unemployed are going without work. Year to date, the average duration of unemployment in Alberta is over 20 weeks, by far the longest among provinces.[1]

Hourly-paid Albertans worked 31.8 hours on average in March (the most recent data available). This was tied for second among provinces and higher than the corresponding figure nationwide (30.5 hours). Meanwhile, at $1,149 per week, average earnings in Alberta remain the highest among provinces.[2]

In March (again the most recent data available), regular Employment Insurance beneficiaries decreased for the 16th time in 17 months. Women comprised 33% of regular EI beneficiaries in March, a relatively low figure, given that women currently account for 46% of both the labour force and of unemployment in the province. Employment Insurance coverage is particularly low for young women, who account for just 25% of beneficiaries in the 15 to 24 years age group.[3] These low rates of coverage are not unusual in Canada, as they result from differences in the number of hours typically worked.

Turning to category of worker, the number of private sector employees in Alberta decreased on the month (-1.5%), a setback consistent with several other weak indicators. On a year over year basis, public sector employment increased by 5.2%, while self-employment advanced by 8.3%.[4]



Unemployment by major demographic groupings

In May, the unemployment rates of most major demographic groups were lower than they were in May 2017. One exception was young women aged 15 to 24 years, whose rate was up considerably (+4.8 pp). This comes as employment of young women in the province fell to its lowest level since March 2003, and the inroads into goods-producing employment achieved over the course of a decade appear to have vanished. As for young men, their unemployment rate decreased 6.9 percentage points on the year. However, while a 2.0% rise in employment contributed to the unemployment rate decline, the fact that 10,000 young men exited the labour market played a larger role.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	May 2018 (%)	April 2018 (%)	May 2017 (%)	Monthly Variation (% points)	Yearly Variation (% points)
Total	6.2	6.7	7.8	-0.5	-1.6
25 years and over	5.3	5.8	6.9	-0.5	-1.6
Men - 25 years and over	5.4	6.1	7.0	-0.7	-1.6
Women - 25 years and over	5.3	5.4	6.8	-0.1	-1.5
15 to 24 years	12.1	12.5	13.5	-0.4	-1.4
Men - 15 to 24 years	11.1	15.2	18.0	-4.1	-6.9
Women - 15 to 24 years	13.3	9.5	8.5	3.8	4.8

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

EMPLOYMENT BY INDUSTRY

In May, employment in Alberta's goods-producing sector was unchanged on the month, while up significantly from May of last year (+4.9%). In comparison, employment in the services-producing sector was up 0.2% on the month and up 0.5% year over year.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	May 2018	April 2018	May 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,326.2	2,323.3	2,288.9	2.9	0.1	37.3	1.6
Goods-producing sector	608.0	607.8	579.7	0.2	0.0	28.3	4.9
Agriculture	49.3	54.1	52.9	-4.8	-8.9	-3.6	-6.8
Forestry, fishing, mining, quarrying, oil and gas	155.6	152.7	146.3	2.9	1.9	9.3	6.4
Utilities	23.9	22.7	21.8	1.2	5.3	2.1	9.6
Construction	248.1	243.9	236.6	4.2	1.7	11.5	4.9
Manufacturing	131.3	134.4	122.1	-3.1	-2.3	9.2	7.5
Services-producing sector	1,718.2	1,715.5	1,709.3	2.7	0.2	8.9	0.5
Trade	331.2	329.7	332.5	1.5	0.5	-1.3	-0.4
Transportation and warehousing	138.4	138.0	141.0	0.4	0.3	-2.6	-1.8
Finance, insurance, real estate and leasing	105.0	108.1	108.5	-3.1	-2.9	-3.5	-3.2
Professional, scientific and technical services	181.2	182.0	176.6	-0.8	-0.4	4.6	2.6
Business, building and other support services	80.1	82.1	78.9	-2.0	-2.4	1.2	1.5
Educational services	164.5	159.2	155.2	5.3	3.3	9.3	6.0
Health care and social assistance	275.0	275.2	274.7	-0.2	-0.1	0.3	0.1
Information, culture and recreation	79.8	76.2	73.8	3.6	4.7	6.0	8.1
Accommodation and food services	147.0	145.9	149.4	1.1	0.8	-2.4	-1.6
Other services	107.9	111.6	118.4	-3.7	-3.3	-10.5	-8.9
Public administration	108.3	107.4	100.3	0.9	0.8	8.0	8.0

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table T14-10-0355, formerly CANSIM 282-0088

Alberta's resource extraction industries (forestry, fishing, mining, quarrying, and oil and gas) gained about 9,000 positions year over year, with most increases occurring in the oil and gas sub-sector. Nevertheless, at 155,600, combined employment in these industries remains well below the 183,000 posted in September 2014. Some economists now believe that at least some of those lost jobs will never return.[5]

Despite Alberta's economy being large and diversified, oil remains the lifeblood that sustains it. Arguably then, global developments in oil and gas should bode well for the province. WTI, North America's benchmark crude which fetched $51 U.S. per barrel in 2017, is trading at about $65 U.S. at the time of writing. OPEC supply cuts are propping up prices, with OPEC members showing great discipline in sticking to their targets. Worldwide, geopolitical tensions are elevated, with oil prices set to rise under many possible scenarios. In the U.S., crude output is at an all-time high, and oil exports overseas – which were all but non-existent a few years ago – are booming.

However, the exuberance in Texas is not being mirrored in Alberta's oil patch. This is primarily because Canadian firms have been hard hit by pipeline constraints – which lower earnings when transportation costs rise. The issue, which has slowly become more acute as production continues to rise, worsened in early 2018 as the Keystone line was forced to operate at reduced capacity following a spill last November. In response, major producers Cenovus and CNRL reduced output, lowered exports, and increased temporary storage.

Instead of investment dollars pouring into the province in response to higher prices, capital spending in Alberta is set to fall for the fourth year in a row. In this context, the Kinder Morgan Trans Mountain expansion project took on great symbolic importance to the industry. The Federal government has now, at least temporarily, nationalized the project – to widespread approval throughout the province.

While U.S. drillers continue to ramp up, shale and tight-oil plays located in the Grande Prairie/Fox Creek area are following suit. In fact, compared to March 2017, oil production in Alberta was up 12.0% in March (the most recent data available). Non-conventional (or oil sands) production accounted for about 85% of all oil production in the province that month. Production of non-conventional oil was up 12.1%, while production of conventional oil increased by about the same amount.[6]

Looking at Alberta's other goods-producing industries, year over year employment gains were seen in all sectors except agriculture. Construction employment may take a hit this year however, as major project work continues to scale back and the inventories of unsold new condominiums in Calgary and Edmonton remain high. In fact, in April (the most recent data available) unabsorbed new housing units in Alberta's two largest centres accounted for almost one-third of the large city total Canada-wide.[7] Meanwhile, the manufacturing industry saw job gains in fabricated metal products due in large part to strong demand for custom drilling equipment.

Turning to the services-producing sector, annual employment gains were seen in professional, scientific, and technical services (+4,600), specifically in management and technical consulting. Additionally, business, building and other support services added 2,000 jobs on the year, with gains coming in maintenance functions (e.g. pest control and janitorial services) and in outsourced business services (e.g. bill collection and credit checks).

Employment in the accommodation and food services industry decreased by 1,600 on the year, with what job gains there were served up at restaurants and bars. Employment in the broader industry peaked at about 158,000 in February 2015 but has yet to return to that level. Although international tourism has picked up in Calgary and the resort communities of Jasper and Banff, the steep drop in business travel and in convention spending continues to weigh on Alberta's hotel industry.

After a considerable buildup throughout the provincial recession, hiring in the public sector continues to support overall employment levels. Compared to May 2017, substantial job gains were seen in educational services (+9,300) and in public administration (+8,000).

REGIONAL ANALYSIS

Over the past year, employment increased in six of seven Alberta regions. On a percentage basis, Red Deer led the province in job growth (+5.8%), followed by Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River (+5.7%).

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	May 2018 ('000)	May 2017 ('000)	Yearly Variation (%)	May 2018 (%)	May 2017 (%)	Yearly Variation (% points)
Alberta	2,320.7	2,278.5	1.9	6.6	8.4	-1.8
Economic Regions						
Lethbridge - Medicine Hat	144.1	144.2	-0.1	5.2	5.9	-0.7
Camrose - Drumheller	105.4	99.9	5.5	4.0	8.8	-4.8
Calgary	894.5	880.9	1.5	7.3	9.1	-1.8
Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River	191.3	180.9	5.7	6.5	6.8	-0.3
Red Deer	117.2	110.8	5.8	4.9	9.0	-4.1
Edmonton	783.7	779.5	0.5	6.7	8.4	-1.7
Wood Buffalo - Cold Lake	84.6	82.2	2.9	6.4	8.3	-1.9

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0293-01, formerly CANSIM 282-0122

In **Lethbridge-Medicine Hat**, employment was little changed compared to May 2017 (-0.1%), with the unemployment rate down 0.7 percentage points. Employment in the oil and gas extraction industry, which has been something of a bright spot, was essentially unchanged on the year. Looking ahead, the City of Medicine Hat is anticipating $250M in new industrial development over the next 18 months following recent announcements from two firms in new industries: Aurora Sun (cannabis production) and Hut 8 (bitcoin mining).[8] Greengate Power Corporation has invested $185M for two solar farms near Brooks. The projects, currently under review by the Alberta Electric System Operator, are expected to be in service in the fall or winter of 2019 and operational by early 2020.

Year over year, employment increased 5.5% in **Camrose-Drumheller** in May. Survey results indicate that the area's unemployment rate plummeted 4.8 percentage points as well. On the goods-producing side, job gains in agriculture and in oil and gas extraction offset a decline in construction employment. In the services-producing

sector, hiring was seen in the business, building, and other support services industry. In development news, ATCO has applied to the Alberta Energy Regulator to convert its Battle River Generating Station Unit Five to natural gas from coal. A new pipeline will be built to supply the converted generator. ATCO anticipates regulatory approval by September 2018 followed by a three year design and construction timeline.

While overall employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River**, the area saw a pullback in oil and gas extraction jobs compared to May 2017. This may have been related to local conditions, as parts of Alberta experienced an unusual amount of overland flooding this spring. Generally speaking, oil and gas activity in the Grande Prairie/Fox Creek has been on a tear, despite low prices for the natural gas portion. To the south, the tourism centres of Banff and Jasper enjoyed another banner year in 2017. Based on that experience, the Banff & Lake Louise Tourism Association plans to target four niche markets, namely the ski, adventure, wellness, and food tourism markets.[9]

Red Deer enjoyed healthy job growth in May (+5.8%). Moreover, at 4.9%, Red Deer's unemployment rate was the second lowest province-wide. Compared to May 2017, employment was down across most goods-producing industries, with the exception of agriculture. On the services-producing side, employment growth was strongest in wholesale and retail trade. Looking ahead, Red Deer College is offering an applied degree in animation and visual effects following approval from the province. The bachelor of applied arts in animation and visual effects will launch in September 2018, with an initial class of about 20 students.

To the northeast, **Wood Buffalo-Cold Lake**'s Fort McMurray functions as the services centre for Alberta's oil sands. In May, employment in the Wood Buffalo-Cold Lake region stood at 84,600, up 2.9% on the year. Over the same period, the regional unemployment rate declined 1.9 percentage points to 6.4%. In Fort McMurray, construction is underway on the $110 million Willow Square Continuing Care Centre. The work is expected to support about 240 jobs through to the centre's opening in spring 2020. In a sign of the times, LaFarge Canada has laid off 15 employees following the closure of its ready-mix concrete operations in Cold Lake and Bonnyville. The company attributed the closures to poor market conditions in the region.

Overall, employment in the **Edmonton** region was little changed from May 2017 (+0.5%). Job growth across much of the goods-producing sector helped to offset job losses in all private sector services-producing industries. In addition, hiring in the public sector industries of education, health care, and public administration contributed to the net employment gain as well. The region's unemployment rate fell 1.7 percentage points as the number of people working or looking for work (the labour force) declined sharply on the year (-10,000).

In Fort Saskatchewan, Calgary-based Inter Pipeline is beginning the construction of its $3.5 billion Heartland Petrochemical Complex. The project, which is expected to generate 13,000 direct and indirect jobs over four years, typifies recent efforts to diversify Alberta's economy. Inter will be constructing road bypasses and upgrading bridges in advance of the planned movement of modules scheduled for October 2018. Over 300 modules are being constructed across Alberta at sites in Edmonton, Fort Saskatchewan, and Grande Prairie.

At 1.5%, overall employment growth in **Calgary** outpaced that of Edmonton, with very strong job gains seen in the region's goods-producing sector. Notable employment gains were also seen in two private sector services-producing industries: business, building and other support services; and professional, scientific and technical services. While Calgary's unemployment rate remains the highest in the province (7.3%), labour force growth

and several other indicators suggest that the labour market in Calgary is far healthier than in Edmonton to the north.

Calgary's Bigfoot Industrial Services is searching for a larger industrial building to house extra staff and more equipment as it expands its operations. The company is looking for additional experienced millwrights and welders.[10] In major project news, work continues on the new Calgary Cancer Centre. The $1.4B facility is set to open in 2023 and will support 1,500 construction jobs over the next five years. Meanwhile, the Government of Alberta has committed $21.7M in new money to build 170 affordable housing units in Calgary.

Note: *In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.*

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For information on the Labour Force Survey, *please visit the Statistics Canada Web site at: www.statcan.gc.ca*

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[1] **Statistics Canada, Table 14-10-0056-01 Duration of unemployment, monthly, unadjusted for seasonality; Accessed June 11, 2018** https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410005601

[2] **Statistics Canada, Table 14-10-0222-01 Employment, average hourly and weekly earnings (including overtime), and average weekly hours for the industrial aggregate excluding unclassified businesses, monthly, seasonally adjusted. Accessed June 10, 2018** https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410022201

[3] **Statistics Canada, Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted; Accessed June 10, 2018**
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410001101

[4] **Statistics Canada, Table 14-10-0288-01 Employment by class of worker, monthly, seasonally adjusted and unadjusted, last 5 months (x 1,000); Accessed June 10, 2018** https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028801

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